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March 27, 2017

Mr. Mitchell TANNENBAUM  
General Counsel  
Maine Public Utilities Commission  
18 State House Station  
Augusta, ME 04333-0018

RE: Procurement of Biomass Resources, Docket No. 2016-00084

Dear Mr. TANNENBAUM,

This letter is in response to your letter dated March 22, 2017, requesting an update on the operational and financial status of the West Enfield and Jonesboro facilities and the status of any payment obligations to suppliers, contractors or employees with respect to those facilities.

With respect to the operation of the facilities, in summary, the West Enfield facility is operating at approximately 20MW, but the Jonesboro facility was forced to operate at 34% (6MW) of its nominal capacity for the first quarter, and then to shut down last week due to a lack of biomass feedstock.

With respect to STORED SOLAR's payment obligations, STORED SOLAR is not in default under any of its agreements with respect to the facilities. The contractors or employees are fully paid.

There was an invoicing dispute with a few biomass suppliers which has been resolved and the company has entered into agreements with those suppliers and is in compliance with those agreements. Outside those agreements, to our knowledge, there are no biomass invoices more than 15 days past due.

Most of STORED SOLAR biomass suppliers are in good standing. Nevertheless, a few biomass suppliers' failure to honor their contractual commitments has caused substantial harm to Stored Solar and its efforts to revitalize Maine's bio-economy, including:

- A. Forcing the Jonesboro facility to operate at 6MW instead of 20MW, causing substantial loss of revenue.



- B. Drove Stored Solar to pay higher prices for biomass deliveries (30-35% above the contract price).
- C. Created uncertainty around future operations, which in turn severely hindered STORED SOLAR's ability to attract investors and lenders for its efforts to revitalize Maine's bio-economy. Investors will not invest if it's unclear whether the suppliers will honor their commitments.

It is also important to put this project in the larger context of the biomass industry. Maine is at the crossroads with respect to its bio-economy--Maine has experienced (and is experiencing) a significant economic downturn due to the closure of the pulp and paper mills, but there is now a major opportunity to become the epicenter of the national bio-economy.

While other States, like Texas have oil to drive their economy, Maine has its wealth stored in its forests. The natural abundance of woody biomass can drive an economic turn-around, but only if the biomass will be available and priced to address the realities and risks of the commodity markets that it will serve.

While certain parties (and the media) have decided to label the Cost Recovery Fund referenced in Mr. TANNENBAUM's letter as "*the loggers' subsidy*", Stored Solar has, from the beginning, considered the Cost Recovery Fund as the State's Bio-Economy on-ramp toward a new vision for the State's bio-economy. We view the Cost Recovery Fund as a significant contributor to the Bio-Economy Initiative Stored Solar launched in July 2016, which includes:

1. Acquiring idle power plants assets in Maine.
2. Re-purposing them into energy parks, re-powering the idle plants.
3. Activating and stabilizing the biomass supply channels.
4. Aligning interests within the biomass community (equity in assets, biomass tolling agreements, etc.).
5. Converting the electric power plants into combined heat and power plants by integrating co-hosted facilities that serve as off-takers of power, heat and CO<sub>2</sub>, (such as greenhouses, fish farms, biorefineries, etc.), because the operation of the biomass plants as electric generating facilities alone will not be profitable. On the other hand, co-locating synergistic industries helps to ensure sustainable operations.

To accomplish these goals, Stored Solar has committed the necessary human and financial resources between July 2016 and 24<sup>th</sup> March 2017 to execute the following:



LOI and deposit to NARM for the acquisition of the distressed East Millinocket site	Jul-16	
LOI and deposit to Covanta for the acquisition of the idled West Enfield and Jonesboro Plants	Jul-16	
Submittal of a proposal to the PUC RFP	Jul-16	
Due Diligence of the East Millinocket site	Jul-16	Aug-16
Due Diligence of West Enfield & Jonesboro plants	Jul-16	Sep-16
DOE loan solicitation for a 30 million gallons per year biofuel biorefinery on East Millinocket site	Sep-16	
West Enfield and Jonesboro Biomass Plants Acquisition	Oct-16	
Signing 10-year Biomass supply agreements with Maine based biomass supply companies	Nov-16	
Recruited staff of 40 to restart and operate the West Enfield and Jonesboro Plants	Nov-16	Dec-16
Received from DOE an invitation to Phase II of the loan solicitation process	Nov-16	
Concluded a 2-year "Biomass Generated Energy Purchase and Sale Agreement" with CMP in line with PUC decision	Dec-16	
Re-started West Enfield and Jonesboro Plants Biomass Plants	Dec-16	
Signed an agreement with a greenhouse operator to construct a greenhouse near West Enfield biomass Power Plant	Dec-16	
Sponsored and launched the Maine Born Global Innovation Challenge	Dec-16	
Relisted West Enfield and Jonesboro Plants on ISO-NE capacity market	Jan-17	
Deposited \$1.157mm as cash credit support at CMP in compliance with its signed contract	Jan-17	
Signed an agreement with a shrimp farm operator to construct a shrimp farm on West Enfield and Jonesboro plants	Feb-17	
Engaged court litigation against NARM to halt demolition of the East Millinocket mill	Feb-17	
Analyzed 56 applications and prequalified 19 companies in the Born Global Innovation Challenge	Dec-16	Mar-17
Engaged with large equity co-investors for the Maine Bio-Economy Initiative to finance the construction of biorefineries and co-hosts in West Enfield, Jonesboro, and East Millinocket	Nov-16	Mar-17

Furthermore, we wish to point out that STORED SOLAR has acquired the West Enfield and Jonesboro facilities on October 18, 2016 and restarted them first week of **January 2017** **which** resulted into the following:

(As of 24<sup>th</sup> March 2017)

- purchase of **112,317 tons** of biomass for its facilities
- **hire of 44 employees**
- fully paid **\$1,022,103** payroll, payroll taxes, and related payroll costs
- prepaid for engineering and materials for a facilities improvement outage being planned this year for over **\$500,000** (out of the planned \$2,500,000)



Stored Solar has deposited \$1,157,244 on January 20, 2017, and it remains on deposit until the present time, as part of its credit support obligation.

We would be happy to discuss these matters at an in-person or telephonic meeting at your convenience.

Very truly yours,

A handwritten signature in blue ink that reads "William Harrington". The signature is fluid and cursive, written over a faint circular stamp.

William Harrington  
Vice President  
Stored Solar, LLC

cc: Service List for Docket No. 2016-00084 (via CMS)